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February 18, 2025

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001, Maharashtra, India
Scrip Code: 544174

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1
G Block, Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051, Maharashtra, India
Scrip Symbol: TBOTEK

Sub: Transcript of Earnings Conference Call

Dear Sir/ Madam,

Pursuant to the provisions of Regulation 30 read with Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended we are enclosing herewith the transcript of Earnings Conference Call held on February 12, 2025, in relation to the un-audited financial results of the Company for the quarter and nine months ended December 31, 2024.

Kindly take the above disclosure on record.

Thanking you,

Yours faithfully
For and on behalf of TBO Tek Limited

NEERA CHANDAK
Digitally signed by NEERA CHANDAK
Date: 2025.02.18 17:49:19 +05'30'

Neera Chandak
Company Secretary

Encl.: As above

TBO Tek Limited

Q3 & 9M FY25 Earnings Conference Call

February 12th, 2025

MANAGEMENT: MR. ANKUSH NIJHAWAN, CO-FOUNDER AND JOINT MD
MR. GAURAV BHATNAGAR, CO-FOUNDER AND JOINT MD
MR. AKSHAT VERMA, WHOLE-TIME DIRECTOR
MR. VIKAS JAIN, CHIEF FINANCIAL OFFICER
MR. ANIL BERERA, PRESIDENT- STRATEGY
MR. RAJIV KUMAR, HEAD INVESTOR RELATIONS

MODERATOR: MR. SNIGHTER A., ADFACTORS PR – INVESTOR RELATIONS

TBO Tek Limited
Q3 & 9M Earnings Conference Call
February 12, 2025

Moderator: Good evening, everyone. I am Snighter Albuquerque from Adfactors IR, Investor Relations. On behalf of TBO Tek Limited, I would like to welcome you all to the Earnings Conference Call for Q3 & 9M FY25.

Today on this call, we have with us from the senior management, Mr. Ankush Nijhawan, Co-Founder and Joint Managing Director; Mr. Gaurav Bhatnagar, Co-Founder and Joint Managing Director; Mr. Akshat Verma, Whole-time Director; Mr. Vikas Jain, Chief Financial Officer; Mr. Anil Berera, President-Strategy; and Mr. Rajiv Kumar - Head Investor Relations.

We will begin the call with the brief opening remarks from the senior management followed by a Q&A session. Please note all participant lines are in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that certain statements made during this call may be forward-looking in nature. Such forward-looking statements are subject to certain risks and uncertainties that could cause the actual results or projections to differ materially from those statements. TBO Tek will not be in any way responsible for any actions taken based on such statements and undertakes no obligation to publicly update these forward-looking statements.

I would now like to hand over the call to Mr. Gaurav Bhatnagar for his opening remarks. Thank you and over to you, Gaurav.

Gaurav Bhatnagar: Thank you Snighter, and welcome everyone to our Q3 & 9M FY25 earnings concall. Before I kick off on the numbers, a quick reminder on our business. TBO Tek is among the top four global travel distribution platforms. Our vision is to be the largest travel distribution platform in the world. We aggregate offline travel demand on one side, offline demand driven through travel agencies, tour operators, independent travel advisors, travel management companies, so on and so forth on one side. We aggregate travel supply on the other side, supply being hotels, airlines, car rental, transfers, cruises, etc. and we make money on every transaction on the platform. The business is very global, with over 185,000 registered buyers across more than 150 countries. We operate on a global scale, with more than 55 currencies supported on the platform, more than 20 plus payment options across the board, across the world, including alternate payment modes enabled on the platform. The platform operates in 16 languages.

Coming to our numbers for this quarter, we continue to look at our business metrics, starting with a North Star metric of monthly transacting buyers. The thesis of the business is that our GTV will typically grow faster than the number of transacting buyers on the platform and we expect revenue, gross profit and EBITDA to grow faster than GTV on the same lines.

If you look at the numbers for Q3 & 9M, there is a 9% increase in the monthly transacting buyers compared to same period last year. This has led to a 26% increase in GTV, leading to a GTV of Rs. 7,166 Cr. This led to a 29% increase in revenue and a 34% increase in gross profit, leading to an overall increase of 26% in adjusted EBITDA and ending at Rs. 75 Cr for this quarter. The numbers look largely similar for the 9M as well. In fact, we have accelerated growth on certain parameters in this quarter as you will see that the active agents and GTV growth is faster in Q3 compared to full year. But full year numbers are trending at the same pace and are trending towards a 25% increase in adjusted EBITDA.

So, what is really driving the growth in the business is the growth in hotels and ancillaries segment overall. You would see that for this quarter, the YoY growth is very impressive 48%; both India and international operations are growing at a fast clip. The leading contribution this quarter has been from Europe, which has grown 90% YoY. This has a contribution from Jumbonline, which is an acquisition we completed last December. But even if I was to take the Jumbonline contribution out, it would still be a 60% plus growth on the organic business in Europe. Just as a reminder, when we talk of business from a source market, it is where the business is originating from. So, it is not a destination, but this is demand originating from Europe. Similarly, LATAM has seen a very impressive 34% YoY growth. Middle East on a very large basis has grown 31% YoY. APAC and North America are new markets for us, and we are growing at a fast clip.

We have been making significant investments in the adoption of AI into our business processes, and I will talk a little bit about it through the course of this presentation. But I am very happy to report that overall, we are seeing very impressive gains in productivity and user engagement, wherever the early trials on some of these AI bots have concluded. Finally, we are fast tracking given the growth that we have seen in the first nine months of the year, and as we plan for next year, we are fast tracking our planned investment and geographic expansion. I will talk a little bit about it in subsequent slides.

Looking at the KPIs, our active agent base has grown by 10% compared to same period last year. This is largely driven by a 24% increase in the active agent base outside of India and international business. Our active booker base continues to grow at a faster clip than active agent base, which is always a positive sign, because it shows user engagement. The difference between bookers and agents is that the agency is one travel agency working with us, if there are multiple bookers within that travel agency working with us then that counts as multiple active bookers from the same travel agency. So, if active bookers grow at a faster clip than active agents it generally means that there is more engagement in the travel agency, and we are probably gaining wallet share. Overall GTV grew by 26% and 52% growth in GTV came outside of India, largely driven by the hotel segment. And finally, revenue has grown by 29% at an enterprise level.

There was request in the last earnings call that we should provide more color on the source of growth of the international business, so we have split it out by source markets. Once again, the reminder when we look at these numbers, this is origination of demand, not destination. Europe contributes 33% of our hotels and ancillary GTV and it is by far our largest source market now. This has grown 90% on a YoY basis in this quarter. Middle East and Africa is the second largest market at 27% GTV contribution grown by a very impressive 31% on a large base. India is 13% of our hotels and ancillaries contribution growing at 18% and then Latin America is 10% of overall GTV contribution growing at 34%. To highlight on Latin America, this growth is especially impressive given the currency headwinds that Latin American markets have faced in Q3 since the US elections.

Going deeper into the hotels and ancillary segment, overall our monthly transacting buyers is growing at a faster clip in the hotel segment as compared to the overall enterprise by 13% which is again 28% growth in the international markets. We have added over 2,000 new active travel agents on the platform compared to same period last year outside of India. Overall, hotels' GTV has grown by a very impressive 48%. Revenue is growing at a more or less similar clip and gross profit has grown a little bit faster to grow by 52% compared to same period last year.

I want to take a couple of minutes just to explain what is driving this growth and how we think of the business and where we invest to drive growth. There are three pillars to the business. The first one is the platform itself. We run a state-of-the-art B2B distribution platform, well geared to service both small, mid-size retail travel agencies and as large enterprise customers. We continue to make significant investments in improving the quality of the platform, the ease of use on the platform and the conversion on the platform. A lot of interaction and engagement on the platform is very data driven. We have what we internally call a customer 360 view, which is our internal warehouse which houses a lot of decision making on what offers, coupons and marketing is personalized to what travel agents, basis this 360 view. Finally, AI and automation has become a new theme for us, and I will talk about some of the initiatives, but it is very clear that this will have quite a material impact on our business going forward.

The second pillar of business is diversifying the lines of revenue. Hotels and air are our core businesses, but we have started to make investments in other lines of businesses as well, which are admittedly quite small today, but which should likely grow at a faster pace in the overall business to become meaningfully important for us. Also, these are required for the completeness of the platform, because if we want travel agents to largely depend on us for fulfilling outbound complex itineraries, then access to high quality attractions, car rentals, rail crews, etc. is extremely important.

The third bit is our playbook for geographic expansion. We have been doing significant work on setting the base for growth for next year, which includes setting up legal entities in different parts of the world, investing in hiring local talent and local leadership, setting up local payment options and making sure that we support all the languages that are relevant in the market that we are expanding into.

On the hotels platform, there are two new initiatives I want to talk about. The first one is a new hotels platform called H-Next which we talked about earlier as well, so that rollout continues, and the outcomes are quite positive right now. One of the new features that we are launching on H-Next, in the next couple of weeks is an AI enabled smart search. The idea here is that, as a travel agent, often I get queries which are slightly high level in nature. A customer would approach a travel agent and say - I want to go to Dubai, but I want to stay near the beach with a kid friendly hotel and I also want a pool villa inside the hotel. Now, these kinds of queries are very hard to solve for today even on B2C platforms because the data is not structured that way. It requires a lot of filtering and a lot of research before you can narrow down. So, we are enabling this AI powered smart search on the system, where a travel agent can just copy paste a query that they receive from a customer or they can type in the query in conversational English and the system uses AI to shortlist the hotels and pricing for those hotels basis the query that was made. On each of the recommendations that we make, we also mention why we are recommending the property and we believe this is quite useful for a travel agent because these are the kind of complex queries a travel agent often needs to deal with and their ability to turn around faster on these queries with more high quality results will help them improve their own conversion, and in return, it will help us improve our conversion as well. So that's one big initiative on hotels.

The other initiative is we are launching a new program called TBO Platinum. The idea here is that we are doing some exclusive/semi-exclusive tie ups with a curated set of luxury hotels. As we have talked in the past, our sweet spot is premium outbound traveler i.e. - If somebody is traveling overseas and going to spend a significant amount of money on that travel, typically booking at least a four or a five star hotel. We are working with a handpicked set of luxury hotels and bringing them into our TBO Platinum umbrella and the hotels have to commit is some exclusives that they will provide to our travel agent. So, these exclusives could be in the form of a guaranteed room upgrade, a guaranteed early check-in or a meal upgrade. So, you book a room only and you get breakfast included, or you book a breakfast and you get a second meal included, or an airport transfer may be included. The hotels are going to offer something exclusive for TBO travel agents to offer to their customers and there is some incremental commission that they will pay us for it. In return, we will give them very high-quality enhanced visibility on the platform, increase marketing on the platform to drive traffic and bookings for these platinum hotels. It's a brand-new initiative just a few days into its launch but we do believe it will allow us to create very meaningful engagement with key hotels and it will also allow our travel agents to get access to something exclusive that they can offer to their customers, especially on the luxury segment.

We have been working last two quarters on various experiments to see how we can adopt all the advancements in AI into our business. There are two projects that have gone live now. The first one is that we have implemented a voice bot which mirrors some of our outbound calling processes; specifically, where we have to call the hotels. Right now, it is live for about 16% of our workflow and the initial results are very promising. The voice bot has similar or slightly better quality of outcome in comparison to a human caller, but it is 5x faster. On an average if you are taking five hours to close a ticket with a human caller, it takes only one hour to close the ticket; so it's 5x faster, and it operates at a 50% of the cost. This rollout will cover roughly 50% of the workflow very soon. For us, it improves the quality of customer service because our turnaround time reduces, and it also starts to free up our resources for more high-quality customer service. So, these initiatives are largely going to lead to higher NPS and quality of customer experience and hopefully it will also mean that going forward as the business grows next year, our cost structures grow at a slower pace, especially on the operations.

The other bot that we have gone live with, is a bot which reads supplier emails and classifies them into actionable and non-actionable emails. So currently, we get several thousand emails every day from various suppliers on the booking that have already happened in the platform, and there is a manual process where we have to go through these emails and decide what action needs to be taken. Now this bot, with a very amazing accuracy of 99.5% is able to close 45% of those notifications automatically, which is a huge reduction in workload for our operations teams and the bot is already achieving that. The roadmap for this bot is to eventually be able to action some of the emails as well and to become a little bit more agentic as well. So far, we have achieved very promising results on both the bots that we have launched.

Finally, we also launched NPS on international business via an external tool. The overall NPS stood at 70 in December of 2024 which we believe is a very industry leading score, which is also a reflection of the low churn on the platform. Even though the NPS score is already very high, it is creating very meaningful insights for us on how we can improve our customer experience going forward.

Talking a little bit more on the sightseeing experiences business; this is a relatively new business for us and is only starting to get attention and investment recently. We believe this is very important because again the outbound premium traveler who is booking through a travel agent is often very driven by experiences so providing a large variety of high-quality experiences on the platform is very important for us to make sure a travel agent is able to fulfill the needs of their traveler. So, in the past quarterQ3, we have completely revamped our sightseeing and experiences portal. We have made it more visually appealing, updated the quality of content on the platform, the quality of imagery and the quality of offerings that we have on the platform. Several new tie ups have happened with other suppliers who will be providing us these experiences and we expect four new suppliers to go live in the next few weeks on the platform which will significantly increase the depth and quality of offerings that will be available for sightseeing and experiences.

The Umrah portal has also seen significant, meaningful traction in the last few weeks. So, just a quick reminder, Umrah is the Muslim pilgrimage to Mecca and Medina during about 11 months of the year minus the Hajj period. It's a very large opportunity with the stated goal of the Saudi government to get 30 million inbound tourists into Saudi by 2030 and Umrah is going to be a significant portion. Why we have created a separate experience for Umrah is because of 2-3 reasons. Umrah is a complicated itinerary because there is always going to be an element of not just a hotel but a local transfer. People usually land in Jeddah, then go to Makkah and then go to Madina. Often people need some kind of assistance in terms of local guides. We have created a Umrah first experience with very high-quality imagery, with the hotel booking engine geared towards solving for the fact that - if I am going for a pilgrimage, the filters change, it goes to distance from Haram and things like that. The quality of content on the hotels is very handpicked curated by us. The ranking of the hotels is decided by us, and this is backed by 24/7, 365 support in various languages which are relevant for this segment. So, what we have seen is that the attachments of multiple products for the same passenger booking a hotel and the transfer, for example, the attached rate on this portal is significantly higher, though on a very small base to be fair right now. But overall, we see this as a very high potential project for us because I don't think any other B2B or a B2C player is actually offering a unique, dedicated offering like this for this segment.

Finally, a note on our geographic expansion. The playbook for the company is quite clear on how to expand into new countries and new geographies. During this year, we have expanded our sales presence in 15 new countries and 40 new cities within those countries. Australia, New Zealand, France, Germany, Japan, Romania are some of the highlights. Three new legal entities have been incorporated in the last quarter in Indonesia, Greece and Israel setting the base for significant ramp up in these source markets. Feet on street expansion is happening in these new territories as we speak and will continue to accelerate through Q4 and into the next year.

One significant integration we did on payments is a new integration called Taza pay. They provide us a bouquet of alternate payment modes across the world, especially in developing markets like Philippines, Indonesia, Singapore, Mexico, Colombia; etc. The objective of the playbook is to be truly local to the market that we are operating in. We see especially in the developing markets, alternate payment methods are quite relevant and prevalent, so we continue to invest in these integrations to make sure that we are able to provide travel agents every possible way to collect from their customers.

Before I hand over to Ankush to talk about in detail on the India Business, I just want to take a minute to highlight a few things on seasonality in Q4. Just a reminder, Ramadan is going to be in March this year and March is essentially Ramadan. Ramadan is traditionally a low season for the business because businesses essentially are closed in Middle East, Indonesia and in many of our key markets. As we talked about it in Q2 as well, the moment Ramadan has an impact on the overall numbers for a quarter it will get more than made up for in Q1 because Q1 will have Eid and all other holidays. So, just wanted to make sure that we are aware of the fact that Ramadan is going to fall in Q4 and we will have some impact on the growth rate that we have seen in Q3 vis-à-vis Q4 and with that I will hand over to Ankush.

Ankush Nijhawan: Thank you, Gaurav. I will just talk a little more about the India business. A total GTV for India market came in at Rs. 3,200 Cr, growing nearly at 5% YoY. This was led by strong performance in hotels and ancillary segment which grew at 18% YoY to reach Rs. 559 Cr. Similarly, segments' gross profit demonstrated an equally healthy growth of 16% YoY and came in at Rs. 13 Cr. We are committed to building on this growth and further solidify our market share. Towards this, we launched a Platinum desk program for our top hotels and ancillaries account which is basically our travel agents. This exclusive program focusing on top cohorts of the buyers is expected to drive our share of wallet with them through personalized service and focused cross selling of hotels and sightseeing and other ancillaries. Early responses to our Platinum decks are very encouraging. With focused efforts in platform driven interventions that will drive cross selling and agent stickiness and focus expansion sales, we are confident in delivering continued growth in the Indian market. We are also infused by multiple initiatives announced by the Union Budget 2025 like the increase in TCS threshold to Rs. 10 lakhs from Rs. 7 lakhs. With Noida and Navi Mumbai airports kicking off very soon. 120 new airports connectivity in the pipeline under the UDAN Scheme, as per Budget 2025. India outbound story should continue to grow at an accelerated pace. With this, I would like to hand over to Vikas to speak about the financial performance of the company. Over to you, Vikas.

Vikas Jain: Thanks, Ankush. Good evening and very warm welcome to everyone on this call. Thank you for joining us today. I am pleased to share our financial results for Q3 & 9M FY25. For the quarter ended 31st December 24 at an enterprise level we saw a good growth in key performance metrics. Our monthly transacting buyer base expanded by 9.2%, driving it 26.2% YoY increase in GTV. Our revenue from operations reached Rs. 422.2 Cr, up 29.2% YoY. Our enterprise take rate improved from 5.76% to 5.89% YoY. Breaking this down further, the air business take rate dropped from 3.03 to 2.57 primarily due to performance link incentive actualizations in last year, same quarter. At YTD level, take rate is in line with last year at 2.6%. Hotels and ancillary services take rate saw a decline from 7.99% to 7.84% primarily due to change in supplier and customer mix during the quarter. Gross profit as a percentage of GTV for Q3 improved from 3.89% to 4.14% on YoY basis. This enhancement was largely driven by an increased share of hotels and ancillary services within our GTV which rose from 51% to 60% YoY.

On the profitability front, adjusted EBITDA reached Rs. 75 Cr, representing a 26.1% YoY increase, while Profit after tax came in at Rs. 50 Cr, showing a marginal drop of 1.6% over the previous year, largely due to Rs. 12.48 Cr forex loss triggered by sharp movement in USD against other major currencies. For Q3, our adjusted EBITDA margin stood at 17.77% and PAT margin at 11.84%.

Turning to our performance for nine months for FY25, cumulative GTV grew at 21.1% YoY, driven by consistent growth in our buyer base by 7.5%. Our revenue from operations totaled Rs. 1,291.3 Cr, making a growth of 26% compared to the nine months of the last year. For the first nine months of the year adjusted EBITDA reached Rs. 249.7 Cr, up 24.5% YoY, and PAT totaled at Rs. 171 Cr, reflecting a 10.9% increase. Our adjusted margin for nine months stood at 19.34% and PAT margin at 13.24%.
Additionally, it is important to note that the income tax is now applicable to our wholly owned subsidy in UAE from the beginning of the financial year, and thus the nine-month effective tax rate is approx. 16.07%. Our balance sheet remains robust, with the net worth of Rs. 1,115.5 Cr as at 31st of December 2024, notably our working capital continues to remain negative. Our cash and bank balances are also strong, standing at Rs. 1,335.5 Cr as at 31st December, 2024.

Thank you, everyone. With this, I will hand over the call back to Snighter.

Snighter Albuquerque: Thanks, Vikas. We will now begin the Q&A session. Participants are requested to raise their virtual hand to ask the question, post which we will unmute you. Request you to introduce yourself and the firm you represent before going ahead with your question. We will wait for a moment till the Q&A queue assembles.

We have our first question from Manish Adukia. Manish, please introduce yourself and the firm that you represent and go ahead with your question.

Manish Adukia: Thank you. Hi, this is Manish Adukia from Goldman Sachs. Thank you so much for taking my question and thank you for the presentation. I really appreciate you disclosing that hotel breakup by region, quite helpful. I have a couple of questions. The first one on the incredible growth you have seen across most of your major international markets. Most of the markets are growing at 30% plus, with Europe, you said 60%. You did explain what are the drivers for this growth where maybe penetration is still low and you are still adding customer base but just trying to understand the runway for this growth. In your view, is this 30% plus growth sustainable for the foreseeable future or will the base; as it becomes larger impact this growth, and in that same context, optically the India growth of 18% for outbound hotels looks a bit lower counter intuitive that India is actually growing slower than your global markets. Is that because the penetration of MTB is already quite high in India, and that's why the growth there is lower. If you can help us explain those, that will be great, that's my first question.

Gaurav Bhatnagar: Thanks Manish. Let me talk about Europe first. One thing to note in Europe compared to Q3 last year is that because of the start of the Israel war, there was a slight depression in Europe last year which is why the growth looks abnormally high. But irrespective, I will admit the growth is very strong, especially in a market like Europe which fundamentally is a slow growing market. So, as we have always talked Manish, our belief is that the TAM is very large and the runway and headroom for growth is also very large. We are growing in three different ways - one is just pure new market expansion i.e. when you go to 40 new cities now, within those cities you have absolutely no base today. Our playbook is very strong, and our conviction is that amongst all the platforms that are available to a travel agent we remain the best possible platform. So, once we localize ourselves, we have local account management, local payments and local language support in place, we see very good traction happen. When opened to those 15 new countries or 14 new cities, that is just like landing in new markets.

The second bit is expanding our base in existing countries, as we saw very good growth in Latin America. Now, we have been around in Latin America for a long time. But again, Brazil for example is a very large country, so just to have complete market coverage would require you to have more sales presence within the market.

The third bit is, which somewhat shows up in the fact that bookers per travel agent are increasing. The engagement with the platform is increasing and we are actively working on building out capabilities for cross sell and upsell as well. So the third bit, which is something that we believe will start to get relevant in maturing markets like the Middle East. That's the broad view and my view remains that on the international business, we do feel confident that even though the basis is increasing at a rapid pace, we should be able to demonstrate similar growth. There is seasonality in our business. It is very cyclical, and it doesn't happen at the same time every year. So, you will see a little bit of thrust and highs come in. On the whole, we do believe we should be able to sustain this level of growth for the foreseeable future. I will pass on to Ankush for the India business.

Ankush Nijhawan: Manish, just to add to the India growth we grew actually from 9% in Q2 we actually grew at 18% in Q3. This shows that, what we had planned it's going in the right direction to see a double growth in Q3 versus Q2. If you see the headroom of growth in active buyers in India, we are still 3%. We have a very large active base, which is very high, but keeping that in mind, the market still remains beyond the whole outward story which all of us read in the press. But the fact is, this output story and the addition of new routes and airlifts being added will only help our story. So, 9% to 18% in India is a very significant growth from Q2 to Q3.

Manish Adukia: Thank you Ankush and Gaurav. My follow up question on that is specific to the India non-hotel business which we have turned it around from a GTV perspective but again from a steady state standpoint is that like a single digit growth business just the airline business or outbound airline business from India or do you think that business also has room to accelerate into double digits? The second follow-on question is on this addition of international markets which Gaurav talked about and you have added 15 countries just this year alone. Now, from a margin standpoint how should we think about the impact of that considering the adjusted margin obviously this time around is down QoQ and YoY, is this likely to be like the bottom of margins or as you expand into new countries and invest in salesforce, maybe in the short term you could see a little bit of further margin headwind before they start bottoming out? Thank you.

Gaurav Bhatnagar: On the margins front, growth comes at a cost which is investment in sales, product, tech that we continue to do. We do believe that because the business should be orders of magnitude larger than what it is in the future, I am not saying in what foreseeable future, in the fu we continue to invest quite heavily. While the business is generating a lot more cash, it is getting reinvested back. From a ROI perspective, a lot of those investments have quick turnaround on just the payback, but they do bring the EBITDA margin down. One way we are looking at it internally is that, are we delivering healthy EBITDA growth right, dollar-to-dollar, or YoY basis. For example, this year we are trending to about 25% increase in EBITDA compared to last year. The aspiration is that, if we are able to continue to invest in the business, continue into our geographic expansion, continue to invest in technology and still maintain this 25% EBITDA growth every year, we are happy with that. Now this may not translate into operating leverage per se because the operating leverage is getting invested back, but at least the management view is that it's a very happy compromise to be able to grow high digit, continue to invest in the business while continuing to increasingly generate more cash. That's the way we are looking at it.

Vikas Jain: Manish, your question was regarding the India air business, that it has started going in a single digit and will it continue, was that the question per se?

Manish Adukia: Yes, the question was specifically on the India air business and directionally steady state medium term, how should we think about the growth outlook for that business?

Ankush Nijhawan: Okay. If you see basically this quarter, we have grown in a single digit but if you see the last two quarters, we were kind of a negative growth. We are trying to move towards making a balance between the growth and the gross profit margin. We are even managing our gross profit margin and in the range of 1.2% to 1.3% and are able to now grow at least in the single digit growth. We are working towards that direction where we are able to manage such kind of growth with such kind of GP numbers. But yes, we will keep on reviewing our strategy on an ongoing basis for the air business.

Manish Adukia: Got it. Thank you, just the last quick question again Gaurav will be directed towards you. The expansion into the international market continues at a fairly rapid clip, can you contextualize for us the expansion in the last 12 months that you have done? Has that been faster compared to let's say your pre-IPO history? The reason I am asking is in terms of your ability to manage multiple markets and submarkets and at what point do you think you get to a place where maybe you are growing too fast or expanding too fast? How do you strike that balance that you are not doing too much and making sure that wherever you are, you are adequately focusing on those before you expand into new markets. That’s my last question. Thank you.

Gaurav Bhatnagar: Manish, the good news in our business is that the playbook is very homogeneous. So, whether we open a new market in Latin America or we open a new market in Asia Pacific, the playbook changes very marginally and that is something that we’ve spent years perfecting. If we need to open in any part of the world today, we know what are the three or four things that need to happen. We know where the hiring is going to come from, what we need to do for payments and APMs and what languages to support. There is a bit of a flywheel effect over here, because we cover 16 languages, most of the languages are covered. So, any new Spanish speaking country we going, we already support Spanish as a language. Any new Arabic speaking country we go into, we already support Arabic as a language. We support Portuguese as a language, French as a language. In my sense it gets easier but also we must keep in mind that, while there is this large sales team on the ground and the go to market is very sales led, ultimately it is a platform business. The transaction happens on the platform, the travel agent once on boarded largely interacts with the platform and which is why the efficiency of a salesperson grows very rapidly. From a management perspective, creating a clean sales structure is not very hard and it is largely in place. As you know, our regional leadership is pretty much in place, their country managers are pretty much in place. So when we expand, if a country manager needs to hire a few more sales people on the ground, from a management bandwidth perspective, it is very isolated to the country where that hiring is happening but not much changes in terms of taking up the management bandwidth of senior leadership or any significant investment that needs to happen on the tech platform to customize it.

Snighter Albuquerque: Thanks Gaurav, Ankush and Vikas. We will move to the next participant. Mr. Karan Uppal, please introduce yourself, the company you represent and go ahead with your question.

Karan Uppal: Thanks for the opportunity. This is Karan Uppal from Phillip Capital. The first question is on the organic growth. So, I can see that GTV has grown by 28% on a YoY basis and revenue growth is around 29%. Can you help me with the organic growth in these two categories?

Vikas Jain: The organic growth in terms of the GTV without including the Jumbonline numbers basically, we have grown overall at around 20% YoY in this quarter.

Karan Uppal: 36% organic in the hotel business, that's correct?

Vikas Jain: Hotel business, yes.

Karan Uppal: Okay. The second question is on margins. The margins have dropped on a sequential basis as well as on a YoY basis. Now, if I look at some of the cost items, other expenses have been quite sticky and not moving in tandem with the GTV. What is leading to this elevated other expenses and what's the output there on the overall margin?

Vikas Jain: When you see margin as a percentage of revenue, there might be a slight decline coming in because of the lower revenue growth as compared to the

GTV. But if we see adjusted EBITDA as a percentage of GTV, we have maintained a similar margin at 1.05% this quarter versus last quarter, same year. While our GPA has increased, as Gaurav had mentioned, we will keep on investing in for future growth so that's the investment that we have made. But as a percentage of GTV, we are trying and keeping the similar margins that we earn as a percentage of GTV for the adjusted EBITDA margin.

Karan Uppal: Going ahead directionally, if you can provide some sense into EBITDA margins at this point? The reported margins are at 16% versus 18% last year. So directionally, how should we think about the margins?

Vikas Jain: At YTD level if you look, we are trending towards 19% plus of EBITDA margin. So that's what we are targeting towards maintaining in the future as well.

Karan Uppal: Okay, thanks for the clarification. The third question is on the take rates. So, Gaurav, the take rates in the hotel business has been improving. This is the third consecutive quarter of take rate improvement especially in the hotel business. Is it because the Jumbonline take rate have improved post our acquisition that is leading to improvement in the overall take rate and how should we think about it from a go forward basis?

Gaurav Bhatnagar: Karan, Jumbonline being a more of an enterprise business is slightly dilutive to the overall take rate. Largely, the take rates have been inching up last three quarters. Largely it's a function of mix. So, for example, our retail business happens at a slightly higher take rate compared to our enterprise business. If in a quarter the retail business grows faster than the enterprise business, then the take rates improve. If the international hotels business grows faster than the India hotels business because that operates at a higher take rate, then the take rates improve a little bit. Our view remains that they'll remain fairly range bound, we have been guiding around between 7.2% to 7.6% because right now the company is not really focused on improving the take rate. We do want to maintain them because that is an important metric, so we don't want to buy business by reducing take rates, but we are also not focused on increasing take rates at this point in time because again the focus is on top line growth. So as long as we can deliver profitable top-line growth without meaningfully having to increase take rate, that's better for us. Like we have said this in the past we are a platform business, so everything that we keep as a take rate is taking away from the travel agents from their own commissions. So we try and maintain a certain range within which we operate with our take rates without any specific effort to significantly improve them in the short to medium term.

Karan Uppal: Okay. Last bit is on, the impact from Ramadan, if you can quantify the impact for Q4? Thanks.

Gaurav Bhatnagar: It is hard to quantify it because one, there are many factors that come into play. But, just from a YoY perspective Q4 you will see two changes happen. One Q4 will have a full impact of Jumbonline in the business. Jumbonline is a mature business, so it will definitely not grow at the same pace as our organic business. That is one and second is Ramadan which means that the Middle East business will see a little bit of slowdown towards the end of Feb, and then for most of March toward for 20 days of March. It is very hard for me to say what it translates into actual growth rates. But it will have some impact which the converse to it is that because last year Ramadan was in Q1, so when you see Q1 on Q1 numbers, then we will have a tailwind over there because last year Q1 numbers were depressed because of Ramadan.

Snighter Albuquerque: Thanks Gaurav. Thanks Karan. We go on to the next participant. The next participant is Swapnil Potdukhe. Please introduce yourself and the company you represent and go ahead with your question.

Swapnil Potdukhe: Hi, thanks for the opportunity and congratulations on a good set of numbers. This is Swapnil from JM Financial. So, a couple of questions, first starting with the previous participants' questions and dwelling a bit more on the mix between the retail business and enterprise business today and if you could just give a sense of where we are in terms of that mix and any trajectory that we have seen? Have you been significantly increasing our retail business of late because of the expansion that we have done in newer countries, any sense on that?

Gaurav Bhatnagar: So, Swapnil if I include the Jumbonline business as well, then the enterprise business is slightly larger in terms of GTV compared to the retail business. The thing with enterprise business is that it's slightly lumpy in nature because when you sign up for customers, often these are large customers, so, they may take a long time to get started with you. But once they start then they suddenly bring very meaningful business growth. But in the long run, the company is quite clear that the value proposition and the differentiation from all the other B2B players is on the retail side and all the investment is going into building in the retail business. Going forward, if I had to look at the mix over the next 12 to 18 months, it should swing back to more of a half-and-half today, I would say with Jumbonline it's probably skewing slightly more towards the enterprise business. But in the medium term, the retail business should grow faster than the enterprise business.

Swapnil Potdukhe: Okay, fair enough. The second question is on your forex losses that you have mentioned. Now, I would like to understand the nature of this loss, whether this operational loss or this is related to the cash which might be sitting in some of the foreign subsidiaries?

Vikas Jain: This is primarily because of the time gap between a booking is made, and either we receive payment in the local currencies or we make payment to the suppliers in the local currencies. But due to this sharp movement in USD versus currencies like GBP, Euro, BRL, and others after the post US election results, this has caused a big impact on the forex losses that we have in our books so that is the key reason basically.

Swapnil Potdukhe: Okay. The other question is with respect to your tax rate. Now, there was a mention of Dubai getting some tax increase recently, but that didn't reflect in your Q3 numbers it seems. Your tax rate has in fact come off on a sequential basis if I were to look at it from that perspective?

Vikas Jain: Yes, good question. So, one Dubai tax is effective 1st of April 2024, and this is baked in our 9M numbers, but in this quarter per se, in one of our subsidiaries there were some losses wherein we were able to take benefit deferred tax assets. So that has helped to reduce our overall effective tax rate for the quarter. But if you ask me, for the full year, it should be ranging in the range of around 16.5% to 17% on the overall effective tax rate for the full year.

Swapnil Potdukhe: Got it. Just one last question on some of the countries where we have been already present. And Gaurav did highlight about expanding the base in existing countries itself. So apart from Brazil, is there any other opportunities that we have been working on, and we see significantly large market which is untapped despite the fact that we have been present in those geographies?

Gaurav Bhatnagar: Yes, definitely Swapnil, even though Europe already looks large on the numbers, we have been making quite significant hill roads in the Southern European markets like Italy, Spain. We are still very small over there, especially on the retail business. But that is where some serious investment is going through. Investment is happening in markets like Australia as well. We continue to expand our sales presence in Indonesia. So just on the whole, Swapnil, the way we are structured every region is looking at their own market expansion and it happens at a fairly micro level, because the cost of setting up a new market or especially in an established market, opening a new market or new city is fairly low for us. Operationally, their cost is almost zero except for probably people on the ground. And hence, it continues to happen fairly democratically across the globe. So, we are not banking on one or two countries to deliver very large growth next year for the whole, for the enterprise needle to move.

Swapnil Potdukhe: Okay. Just a last question, any updates on possible M&As that you will be working on, earlier we were considering something in North America, so any moment on that side. Thank you.

Gaurav Bhatnagar: Swapnil, we continue to explore opportunities and like we have said in the past, we are very cautious in committing to something. All I can say at this point is, we are exploring across the globe, in multiple geographies, but nothing at this point in time which looks close to coming to fruition in the next few weeks or months. So, no further comments on that.

Snighter Albuquerque: Thanks, Swapnil. We move to the next participant. Anirudh Agarwal, please introduce yourself, the company you represent, and go ahead with your question.

Anirudh Agarwal: Thanks for the opportunity, and congratulations on the strong performance. Had a few questions, Gaurav first on the 36% organic growth if I just try to back calculate the Jumbonline numbers, it seems that Jumbo has very strong seasonality. I mean, absolute Jumbo GTV seems to be meaningfully lower versus what we have been doing in the past couple of quarters. So just wanted your take on that and in terms of the like-to-like Jumbonline growth rate that we would have experienced in this quarter?

Gaurav Bhatnagar: Anirudh, the like-to-like is not possible in this quarter because the integration or the business was acquired only on 18th of December last year. So, we will have slightly more like-to-like numbers in the coming quarter. Jumbonline business does have a strong seasonality because of the nature of the business. So, that business largely services the tour operators and the leisure market from Northern Western Europe traveling to Southern Europe, largely Spain, Portugal, the Mediterranean coast. Hence, the summer is when most of the check-ins will happen. So, July, August, is where most of the check-ins happened. But the nature of booking windows in these markets is very different from the rest of the world. They book well in advance. So, Jan, Feb, March is where you will start to see bookings happen for July and August. Hence, you will see a spurt in bookings in Jan, Feb, leading to check-ins in July and August. We are expecting Jumbonline to deliver on the business case we have created for it in terms of EBITDA and growth. I will reiterate that it is a very mature business. The business has been around for almost 50 years. It's a very mature business in a mature market. So, the real uptick in the business is going to happen, the use case we have created is the cross sell that happens between the Jumbonline inventory selling on TBO and TBO inventory selling on Jumbonline. So, some of the growth will actually start to appear in the TBO business, because when Jumbonline buys from TBO, it has a top line growth in TBO as well. We will absolutely not expect Jumbonline to deliver a similar kind of growth rate like 30%, 36%, 37% growth rates is absolutely not possible, not factored in and not budgeted for. But having said that, on a standalone basis, it's a meaningful portion of our business, and it meaningfully improves our overall supply value proposition in Europe.

Anirudh Agarwal: Got it. The second question Gaurav was on, the use of AI across operations that you mentioned. So, this is one part that could help us with some margin expansion. While I understood that we are investing incremental margin or profitability into growth initiatives across the globe but is there some part on the operations and admin side that we can save which helps with, near term profitability, or that will also go into growth at each in the near term?

Gaurav Bhatnagar: See the overall view of the company is that the AI led initiatives are largely to improve customer experience and stickiness on the platform. From a cost perspective, I don't have the exact numbers, but operations is probably 5%, 6% of our revenue as cost. So, it will not have a huge impact on our EBITDA margins if you were to shave off some cost and we are not planning to shave off cost, because really the objective is to free up resources to focus on high quality customer service where actual human interaction is required. Yes, what should happen is that the pace at which our operations cost grows vis-à-vis our top line, that should slow down right. So, if operations are growing by X percent, if GDP is growing by X percent, the cost of operations should not grow at X percent, it should grow at some x minus 5% that should definitely happen. In the medium term you will see some margin expansion on account of this. I do agree with it, but because it is not 20%, 30% of the cost. It's like 5% of the cost. So, it is not going to be a very huge improvement in margin on account of reducing this cost.

Anirudh Agarwal: Understood, thanks. Final question from my side, in terms of just profitability of the business. While, reported margins may continue to look more in the similar range, in terms of the mature geographies, if you could share a ballpark in terms of how profitability would be looking in markets, let's say like the Middle East, wherein large mature and been there for a period of time?

Gaurav Bhatnagar: So, Anirudh, it is hard to bifurcate profitability in this manner, because the supply is common and just from accounting perspective, it is not possible to derive true accounting profitability by source market, just because the nature of how revenue is counted. Having said that, one indicator we look at is what we call regional contribution which is, generally speaking and it's a loose metric but we are looking at after taking out all the cost in a region, what is the net cash contribution of that region to the business, that number as a percentage of GTV continues to improve in mature markets like Middle East would be one example and every year as a percentage of GTV that number continues to improve. One we are not kind of disclosing what those numbers look like and second, it is also very hard for us to share a number with you which will tee up with the accounting numbers, just because of the nature of how revenue is getting counted. But yes, we are definitely seeing, if your question was, are we seeing operating leverage at least in a mature region absolutely yes.

Anirudh Agarwal: Got it fair enough, thanks a lot and all the best.

Snighter Albuquerque: Thanks Anirudh. Before we go to the next participant, may I request anyone who has a question, may please raise their virtual hand, we would go ahead and unmute you to ask your question. The next question is from Raghav Malik. Raghav, please go ahead, introduce yourself and the company you represent and ask your question.

Raghav Malik: Hi, this is Raghav from Jefferies. I just had two questions. So, the first one is a follow up to the previous participants' question on the forex impact. I had asked this before in terms of any permanent sort of hedges that we have and I don't think we do, but is there some sort of natural hedge that we have in terms of your business to mitigate some of your currency headwinds as they may play out, that's the first question.

Vikas Jain: Raghav we have a combination of both natural hedge as well as the forwards being taken for the currency at the net level. So, while yes, the natural hedge helped us mitigate our losses, but in terms of the hedge we have been taking conscious call basis the kind of currency that we are dealing in and the kind of volatility we were having. So, in some markets, we were taking forwards and in some we were not, but after the sudden movement that we have seen in USD versus other currencies we are kind of revamping our hedging strategy as well as we are also increasing the frequency of review of our foreign exchange exposure so that we are able to mitigate our losses. We are also exploring some tech solution which can help us out in micro hedging kind of thing.

Raghav Malik: Okay, got it. Secondly, more of a strategic question, while I know we are prioritizing our growth of GTV over margins currently and not asking for a timeline by any means, but in terms of the strategy for the longer term when we say that we expect margins, EBITDA and profitability to grow faster than GTV. Do we mean more like when we are in a mature sort of situation with GTV kind of normalizing to let say, high single low double digits and that's when margins will start to play out better or how do we see this more from a strategic point of view say 5-10 years or no timeline per say, but just strategically?

Gaurav Bhatnagar: Yes, Raghav it is fair to say that margins should expand quite significantly when we stop reinvesting some of those margins into top line growth. Again, we can't share timelines on it, because as long as we see a runway for growth, because the company's aspiration is very clear, we want to be the largest travel distribution platform. So as long as we see a runway for growth, the company will continue to invest in that top line growth. It is very important because of a lot of initiatives which will actually drive a credit margin to the bottom line, for example, cross-selling, ancillary sales, sightseeing, car rentals, all of these are dependent on having a large active customer base buying air and hotels from you because these attaches only happen on these core products. Those products have a much higher gross margin as well. From a strategy perspective our view is, we are building a platform so more nodes on the platform, more active nodes on the platform is the number one thing that we are focused on today. What we are happy about is that we are able to do it profitably by reinvesting some of the profits and cash we generate in the through the year. So, in the short term absolutely the margin expansion might be quite muted but in the long run in a steady state, we absolutely expect it to be a much higher EBITDA margin business from where it is today.

Raghav Malik: Okay, got it. Thank you, Gaurav.

Snighter Albuquerque: Thanks, Raghav. Anyone who has a question, you can please raise your hand, we will unmute you and you can go ahead and ask your question. Yes, the next one is Sarthak Avasthi. Sarthak please go ahead, introduce yourself and the company you represent and ask your question.

Sarthak Avasthi: This is Sarthak from Sanlam Equity Asset Management Fund. Sir, my question is that the hotel industry as a sector is very cyclical. So, I just wanted to understand the long-term perspective, that in a previous down cycle of the hotel industry how did we tackle at that time the market scenario and suppose if there is an oversupply in the hotel industry, then how are we going to tackle that time market scenario sir?

Gaurav Bhatnagar: So, Sarthak because our focus is on the outbound premium traveler, that segment is slightly more immune to cyclical factors like inflation or other geopolitical factors. There is some resilience in the business because of the fact that we are not focused on the budget traveler. We focus on a more frequent, slightly more mature, high spending traveler. On the other comment on oversupply, the oversupply usually works in our favor, because when there is oversupply, hotels very heavily lean on platforms like us to offload inventory. In fact, the reverse happens when the supply is very tight, and demand is far outpacing supply that is where the intermediaries have a challenge creating incremental value for the hotels. The hotels over supply does not really bother us much because that actually allows us to create more value for the hotels we are driving meaningful volumes for them. On cyclic look, yes, travel business per se is influenced by geopolitical factors. We have seen many of those come in and for example the Israel Palestine war is as recent as last year, there was a slight dip in the business because of that. Prior to that, the Ukraine - Russia war because we have meaningful business in Eastern Europe and in Ukraine as well had an impact on the business but again, a slight dip. So, how we look at it is that, because we are building a global business, no one country, no one geography or no one region is overwhelming the revenue mix. Secondly, by focusing on the premium outbound traveler, we are little bit resilient to factors like inflation or cost of living and things like that.

Sarthak Avasthi: Yes, and that answers my question. Sir, my second question is that we are focusing on luxury hotel segment, so we will be having a take rates on a higher end on that part?

Gaurav Bhatnagar: So, Sarthak, we may receive better commissions from hotels. The question that always comes to this is how much you are keeping for yourself and how much you are going to pass on to your travel agents. We continue to maintain a view over here that it's in the interest of the business and the travel agents on the platform that if we pass on majority of that benefit to the travel agents right now. We are not expecting while, yes that program is very important for us, luxury hotels are important for us, it will probably create more income for us from the hotels, but we are not expecting it to increase our take rates because a lot of that benefit we will likely pass on to our travel agent partners.

Sarthak Avasthi: Okay, sir just one more question, if I may. Sir, like recently in channel checks, I came to know that there's a lot of increase in the competition in the domestic front. So, how we are going to tackle that part, like travel agent has lot of options on the platforms.

Ankush Nijhawan: Sarthak, are you talking about the air business or the hotel business?

Sarthak Avasthi: I am talking about the hotel business.

Ankush Nijhawan: For us, our focus still remains is the outbound story and that's our key focus for India outbound and for people traveling overseas. From a domestic hotel point of view, our business is relatively small, right. So, I don't think that kind of bothers us but yes, we are focusing on organized chains, the typical five stars and structure chains which we will continue to get the supply on our side. But we are not into that business of selling two stars, three stars, etc. So, our story remains outbound, and that is the plan going forward.

Sarthak Avasthi: Thank you, sir that answers my question. Thank you.

Snighter Albuquerque: Thank you, Sarthak. That was the last question for today. Since there are no further questions, we would like to end the call, I would like to give it hand over to Gaurav for his closing remarks.

Gaurav Bhatnagar: Thank you Snighter, thank you everyone for attending this call and for all the insightful questions. Thank you.

Vikas Jain: Thank you.

Snighter Albuquerque: Thank you Gaurav. Thank you Ankush and the management.

Ankush Nijhawan: Thank you Snighter. Thank you everyone.

Snighter Albuquerque: Thank you everyone. In case of any queries, please reach out to us and we would now end the call. Thank you.

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